JUNE 1987
ALASKA ECONOMIC TRENDS

Alaska Department of Labor **Steve Cowper, Governor, State of Alaska**

Alaska Economic Trends

Steve Cowper, *Governor, State of Alaska*

Jim Sampson, *Commissioner, Department of Labor*

Frank Spargo, *Director, Administrative Services*
Chuck Caldwell, *Chief, Research and Analysis*
Edward Eboch, Ph.D., *Editor*

Funded by:

June 1987
Volume 7
Issue 6

Contents

Alaska Wage Rates 1

Alaska—*Current Events* 11
Anchorage/MatSu—*Comparison of Employment Trends: Anchorage and Balance of State* 16
Fairbanks/Interior—*Fairbanks' Construction Industry* 23
Gulf Coast—*The Kenai Peninsula Borough* 29
Southeast Alaska— 32
Hours and Earnings—*Longer Hours Drive Up April Weekly Paychecks* 37
Labor Force by Region and Census Area . . . . . Center Insert

Alaska Economic Trends is published monthly by the Alaska Department of Labor, Research and Analysis Section, PO Box 25501, Juneau, Alaska 99802-5501.

POSTMASTER: Send address change to ALASKA ECONOMIC TRENDS, PO BOX 25501, Juneau, Alaska 99802-5501.

The following notes pertain to Nonagricultural Wage and Salary Employment Tables:

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date March 1986.

P/ Denotes preliminary estimates.
R/ Denotes revised estimates.

Alaska Wage Rates

By John Van Houten

Everyone is interested in how much they earn and how that compares to other workers in the same occupation. Many jobseekers want to know if wages in other areas of Alaska will compensate them for the higher cost of living. New employers in Alaska are interested in what they will have to pay to attract qualified workers to their firm. Individuals interested in a career change want to know not only the employment opportunities associated with that career, but what that career will pay. As a result there is considerable demand for wage rate information.

Sources

Although there is no single source of all wage rate data there is a good likelihood that users can find the wage rates they need from among the four major published sources. The four sources are: 1) Alaska Department of Labor, Research and Analysis' annual *Alaska Wage Rates*, 2) compilations of wage rates offered by employers who have placed job orders at Job Service offices throughout Alaska, 3) the Bureau of Labor Statistics' *Area Wage Survey, Alaska*, and 4) the Alaska Department of Labor pamphlet No. 600, *Labors' and Mechanics' Minimum Rates of Pay*. 1/

Research and Analysis' annual wage rate survey provides rates for more than 200 occupations. The rates are from employers' pay schedules. They are compiled for Alaska statewide and six geographic regions.

Data from Alaska Job Service job orders are compiled and published for about 200 occupations. The rates are those which have been offered; the job openings may have gone unfilled or possibly were filled at negotiated higher rates. Job Service wage rates are published for Alaska statewide and for the local Job Service offices. In addition to those published, more detailed information is available for more than 1,200 specific Dictionary of Occupational Titles (DOT) codes and are available on request.

1/ Copies of these publications are available from the Department of Labor, Research and Analysis Section. The wage rates in Pamphlet No. 600, *Laborers' and Mechanics' Rates of Pay*, are prevailing union rates. Wage rates requested for specific occupations not listed in these sources may be available at Research and Analysis. Inquiries are invited.

it had the highest proportion of nonresident employees (38% in 1985) (table 7).

- Alaska has unique economic conditions compared to other states. In 1985, Alaska had the fifth highest overall unemployment rate in the nation, the third highest for all nonagricultural industries, the highest in manufacturing and government, and the sixth highest in construction. Alaska also had one of the highest unemployment rates in the nation for many major occupational categories.

- Nearly 22% of all regular unemployment insurance benefits paid by Alaska in 1985 were mailed to out-of-state addresses. This is the highest interstate rate in the nation, approximately 4.5 times the national average. Seventy-four percent of those interstate payments were to nonresidents.

Sources and Limitations of Data

Wage and employee data were developed by crossmatching 1985 wage records from the Alaska Department of Labor with 1985 and 1986 permanent fund dividend records from the Alaska Department of Revenue. Workers were considered residents if they received a 1985 dividend or filed for a 1986 dividend.

Data (except where otherwise stated) were drawn from Alaska Department of Labor wage records, and as such, do not include federal employees or workers who are not covered by unemployment insurance. Employees not covered by unemployment insurance include self-employed workers, most fishermen, full commission salespersons, agricultural workers, domestic workers, unpaid family workers, private railroad workers, elected and appointed public officials, and some employed students.

This report provides data about **employees**, not **employment**. **Employees** are the individual people who worked for wages during a specific period of time; **employment** is the number of filled jobs at a particular point in time. Because not all jobs are filled throughout the year and different individuals may work in the same position at different periods of time, **employee** counts exceed **employment** totals given in other publications, especially when comparing annual data. Approximately 70% more individuals work in Alaska over a year's time than the annual average number of jobs.

Employees and wages are counted in the census area of the employer's primary business location even though employees may actually work in another part of the state. This seriously skews the data for state government workers. Consequently, state workers are included in statewide data but excluded from region and census area data. Also,

Table 1
Total Resident and Nonresident Wages
For Each Quarter and Year
Alaska 1984 and 1985

	1984			1985		
	Resident	Nonresident		Resident	Nonresident	
	Wages (thous)	Wages (thous)	% of Total	Wages (thous)	Wages (thous)	% of Total
Anytime During the Year	$5,105,893	$677,088	11.7	$5,207,993	$691,726	11.7
1st Quarter	1,179,066	149,236	11.2	1,205,671	137,084	10.2
2nd Quarter	1,277,718	169,161	11.7	1,324,940	170,319	11.4
3rd Quarter	1,335,162	222,936	14.3	1,342,319	236,533	15.0
4th Quarter	1,313,947	135,755	9.4	1,335,063	147,790	10.0

Source: Alaska Department of Labor, Research and Analysis

Table 2
Total Resident and Nonresident Employees
for Each Quarter and Year
Alaska 1984 and 1985

	1984			1985		
	Resident	Nonresident		Resident	Nonresident	
	Number of Employees	Number of Employees	% of Total	Number of Employees	Number of Employees	% of Total
Anytime During the Year	256,143	71,076	21.7	252,058	77,126	23.4
1st Quarter	182,713	25,130	12.1	188,085	25,977	12.1
2nd Quarter	201,381	35,785	15.1	204,953	39,120	16.0
3rd Quarter	213,295	44,769	17.3	212,155	49,503	18.9
4th Quarter	201,867	28,524	12.4	200,601	31,790	13.7

Source: Alaska Department of Labor, Research and Analysis

employees and wages are counted in the industry of the employer from whom they earned the most wages.

Displacement of Resident Workers

As part of the study, an analysis of the displacement of workers in the construction industry was prepared. Evidence compiled suggests that in some occupations there were qualified Alaskans available to fill many of the positions occupied by nonresident workers in 1984 and 1985.

Table 8 and 9 lists the estimated number of nonresidents working in selected construction occupations during each calendar quarter of 1984 and 1985, and the number of Alaska residents with experience in those occupations who collected unemployment insurance compensation during that same quarter. This information provides a general indication of displacement of residents by nonresidents.

The data in Table 8 and 9 show that during each quarter of 1984 and 1985 there were several thousand Alaskans receiving unemployment insurance benefits who may have been qualified to fill positions occupied by nonresidents. The figures tend to overstate the number of nonresidents working and the number of residents qualified and available for work at any given time. Many of the positions held by nonresidents, however, were not highly skilled or highly technical and could probably have been filled by unemployed Alaskans.

Status of Resident Hire Employment Preferences

In 1986, the Fourteenth Alaska Legislature passed a resident hire statute for public-funded construction; the statute is complex and substantially different from previous versions. The legislature emphasized the need to pass a law that would withstand a test of its constitutionality. Consequently, the new statute uses a very targeted approach based on detailed statistical information.

Before any hiring preferences can be implemented, determinations must be made as to which geographic areas of the state qualify for preference based on specific criteria. Three distinct types of data are required: data about overall economic conditions, specific data about the displacement of resident workers by nonresidents, and data about the social and economic consequences of unemployment. Before determinations can be made, regulations must be approved and data compiled.

At this time, regulations have been drafted and reviewed through the public hearing process but not finalized. Data have been compiled which illustrate the overall economic condition of each area of the

Table 3
Total Quarters Worked in Alaska
1984 and 1985

Total Quarters Worked	1984		1985	
	Resident	Nonresident	Resident	Nonresident
One Quarter	14.4%	45.4%	11.0%	44.8%
Two Quarters	16.4%	29.3%	14.9%	29.9%
Three Quarters	15.6%	14.1%	16.4%	14.5%
Four Quarters	53.6%	11.2%	57.6%	10.9%

Source: Alaska Department of Labor, Research and Analysis

Table 4
Ten Industries with the Highest Wages Paid to Nonresidents
Alaska 1984 and 1985

Standard Industrial Classification (SIC)	1984 Resident		1985 Nonresident	
	Wages (thous)	Rank	Wages (thous)	Rank
Heavy Construction	$105,154	1	$ 74,009	2
Oil and Gas	71,585	2	106,646	1
Food Processing	58,079	3	61,964	3
Special Trades Construction	51,096	4	41,574	4
Building Construction	45,439	5	34,146	5
Business Services	29,731	6	33,222	6
Local Government	28,135	7	31,747	7
Miscellaneous Services	26,942	8	23,410	10
Eating and Drinking Places	24,477	9	27,111	9
Air Transportation	22,157	10	22,165	11
State Government	20,171	11	28,217	8

Source: Alaska Department of Labor, Research and Analysis

For a more detailed analysis of the impact of nonresidents in 1985 see *Nonresidents Working in Alaska in 1985*, January 1987. For an analysis of the impact of nonresidents in 1984 see *Nonresidents Working in Alaska: A Special Study to Measure the Economic Impact of Nonresidents on Alaska's Economy During Calendar Year 1984*, January 1986. For information on the history of the resident hire issue see *Alaska Economic Trends, August 1985*.

Table 5
Ten Industries With Over $1 Million in Wages
and the Highest Percentage of Wages Paid to Nonresidents
Alaska 1984 and 1985

	1984				1985			
	Resident	Nonresident			Resident	Nonresident		
Standard Industrial Classification (SIC)	**Wages (thous)**	**Wages (thous)**	**% of Total**	**Rank**	**Wages (thous)**	**Wages (thous)**	**% of Total**	**Rank**
Food Processing	$ 50,904	$ 58,079	53	1	$ 50,462	$61,964	55	1
Nonclassifiable 2/	6,729	3,088	31	2	11,082	4,702	30	3
Heavy Construction	254,276	105,154	29	3	199,691	74,009	27	7
Miscellaneous Repair	15,684	6,483	29	4	15,408	5,140	25	8
Metal Mining 1/	13,210	4,895	27	5	12,621	5,046	29	4
Fishing, Hunting, Trapping 1/	3,374	1,172	26	6	4,069	2,175	35	2
Nonmetal/Nonfuel Mining	x	x	x	7	x	x	27	6
Logging	25,441	7,928	24	8	28,916	10,898	27	5
Agricultural Services	4,688	1,303	22	9	5,684	1205	17	15
Building Construction	187,022	45,439	20	10	143,687	34146	19	12
Transportation Equip Mfg	1,807	435	19	11	2,217	605	21	10
Water Transportation	38,390	8,583	18	12	37,733	10,401	22	9

Source: Alaska Department of Labor, Research and Analysis

Note: "x" indicates that information is nondisclosable.
1/ Data include only nonagricultural wage and salary employees covered by unemployment insurance. Consequently, data provided for this industry may not be representative of the industry as a whole.
2/ Not classified in any other industry.

Table 6
Ten Industries With Over 200 Employees
and the Highest Percentage of Nonresident Employees
Alaska 1984 and 1985

	1984				1985			
	Resident	Nonresident			Resident	Nonresident		
Standard Industrial Classification (SIC)	**Number of Employees**	**Number of Employees**	**% of Total**	**Rank**	**Number of Employees**	**Number of Employees**	**% of Total**	**Rank**
Food Processing	6,615	12,068	65	1	6,431	13,512	68	1
Nonclassifiable 2/	920	767	45	2	1,119	608	35	5
Metal Mining 1/	611	373	38	3	511	326	39	4
Logging	1,204	715	37	4	1,296	864	40	3
Fishing, Hunting, Trapping 1/	330	177	35	5	348	285	45	2
Heavy Construction	8,800	4,094	32	6	7,182	3,770	32	12
Eating and Drinking Places	17,376	7,473	30	7	17,793	8,838	33	8
Nonmetal/Nonfuel Mining	x	x	x	8	x	x	35	6
Business Services	9,294	3,990	30	9	9,670	3,926	29	17
Agricultural Services	499	207	29	10	538	242	31	13
Recreation Services	1,369	553	29	11	1,566	773	33	9
Motion Pictures	491	125	20	27	375	178	32	10
Transportation Equip Mfg	123	66	35	*	146	77	35	7

Source: Alaska Department of Labor, Research and Analysis

Note: "x" indicates that information is nondisclosable.
Note: "*" indicates that the total number of employees was not large enough to meet the minimum cut off for ranking on this table.
1/ Data include only nonagricultural wage and salary employees covered by unemployment insurance. Consequently, data provided for this industry may not be representative of the industry as a whole.
2/ Not classified in any other industry.

state; however, data about occupational supply and demand are not currently available in enough detail to demonstrate that nonresident workers have displaced qualified, available resident workers in specific occupations and specific areas of the state. Consequently, the Department of Labor has begun implementation of a new system designed to collect the required information. Data about the social and economic impact of unemployment are available through a variety of sources which will be analyzed in depth later this year. The department expects to be able to make determinations for most construction-related occupations by January 1988.

Employer Comments on Resident Hire

In 1986 the Alaska Department of Labor surveyed a small number of employers in ten industries which paid high amounts of wages to nonresidents in 1984 and 1985. The purpose of this survey was to learn reasons why employers hire nonresidents and to ask employers for their ideas about ways to promote the hiring of Alaska residents. Firms were selected to represent the extremes within each industry: those with the highest and those with the lowest percentage of nonresident employees and wages. Responses were obtained from a total of 74 firms, with at least six respondents from each selected industry.

Employers were asked to provide reasons why their industry hires nonresidents (unprompted response). Employers were then read a prepared list of possible reasons for hiring nonresidents and asked if any of those reasons applied to their industry (prompted response).

Sixty percent of employers contacted said their industries hire nonresidents because available Alaskans lack required training or experience. This was the most frequently cited reason in construction, mining, and service industries. Thirty-five percent of employers contacted stated that their industries hire nonresidents because there are no Alaskans available, a reason commonly mention by employers in food processing.

Fifty percent of employers contacted stated that their industries hire nonresidents because it is company policy to transfer people within the company, a frequent response by employers in mining industries.

Nineteen percent of employers felt that the ability to pay lower wages was a reason to hire nonresidents. Sixteen percent of employers indicated that nonresidents worked harder or had better work attitudes than residents.

Employers stated they often promote the hiring of residents by having a company resident hire policy; by advertising openings locally;

Table 7
Percent Nonresident Wages and Employees by Geographic Zone
1984 and 1985

	Wages Paid to Nonres as a % of Total		Nonresident Employees as a % of Total	
Geographic Zone	**1984**	**1985**	**1984**	**1985**
Alaska Statewide	12.6	11.7	22.8	23.4
Anchorage-MatSu Region	9.0	9.6	19.2	20.7
Anchorage Borough	9.1	9.7	19.4	20.8
MatSu Borough	7.1	7.0	15.7	18.5
Gulf Coast Region	14.3	14.9	28.5	32.3
Kenai Peninsula Borough	11.9	13.5	22.2	27.3
Kodiak Island Borough	21.8	18.8	39.0	40.2
Valdez-Cordova	14.4	16.9	33.2	37.9
Interior Region	12.7	12.1	21.2	23.2
Fairbanks North Star Borough	13.0	12.3	22.0	24.0
Southeast Fairbanks	8.5	9.8	20.7	20.3
Yukon-Koyukuk	9.2	9.9	13.4	16.0
Northern Region	25.5	22.4	26.9	25.1
Nome	10.0	9.5	13.0	15.0
North Slope Borough	28.0	24.9	33.3	30.5
Northwest Arctic Borough	9.5	7.7	10.8	12.4
Southeast Region	11.2	13.1	23.3	27.2
Haines Borough	11.4	18.0	16.9	32.3
Juneau Borough	8.3	9.3	18.9	21.6
Ketchikan Gateway Borough	9.0	10.8	18.9	22.2
Prince of Wales-Outer Ketchikan	17.3	17.9	27.6	30.5
Sitka Borough	7.9	8.5	16.5	19.4
Skagway-Yakutat-Angoon	25.4	27.6	38.1	43.4
Wrangell-Petersburg	20.2	25.0	38.0	42.7
Southwest Region	24.2	24.2	37.6	37.6
Aleutian Islands	41.6	41.4	62.6	60.9
Bethel	8.4	9.7	12.8	15.5
Bristol Bay Borough	42.7	39.0	60.0	58.8
Dillingham	30.7	30.0	45.6	46.5
Wade Hampton	4.5	6.6	8.8	12.3
Geographic Area Unknown	27.2	39.5	46.4	58.6

Source: Alaska Department of Labor, Research and Analysis
Note: State government wages and employees are excluded from all regions and census areas but included at the statewide level.

Table 8
Nonresidents Employed and Residents Available for Work
by Quarter in Selected Construction Occupations
Alaska 1984

Occupation Title (Dictionary of Occupational Titles)	Quarter 1		Quarter 2		Quarter 3		Quarter 4	
	Nonres Emp	Res Unemp	Nonres Emp	Res Unemp	Nonres Emp	Res Unemp	Nonres Emp	Res Unemp
MECHANICS/MACHINE REPAIR								
Motor Vehicle Mechanics	128	509	161	392	174	302	131	481
Engine, Transmission Mechanics	81	152	87	117	103	96	87	135
Misc. Machine Repair	57	138	54	115	63	94	49	122
Other Related Occupations	1	5	1	2	1	1	6	1
METAL FABRICATION								
Fitting, Bolting Occupations	81	204	101	193	158	121	114	165
Sheet Metal	90	53	80	64	95	51	71	69
Other Related Occupations	9	22	7	15	8	12	11	22
WELDERS,CUTTERS & RELATED								
Other Related Occupations	137	309	168	266	166	205	136	272
ELECTRICAL INSTALLING & REPAIR								
Transmission, Distrib. Line Inst.	43	133	54	122	87	44	71	95
Installation, Repair Transp. Equip.	5	10	7	10	8	10	6	9
Installation, Repair Lg. Appliance	1	9	7	6	8	6	6	7
Other Related Occupations	33	99	27	87	40	51	38	87
PAINTING, PLASTERING, CEMENTING								
Construction Painters	43	170	54	152	55	114	38	193
Plasterers	24	54	40	50	47	37	33	43
Cement, Concrete Finishers	24	136	101	117	134	50	87	109

EXCAVATING, GRADING, PAVING	47	283	94	194	111	89	87	238
Excavating, Grading	5	30	20	28	24	9	11	33
Paving, Asphalt, & Concrete	407	1,518	798	1,161	988	608	691	1,351
Other Related Occupations								
OTHER CONSTRUCTION OCCUPATIONS	502	1,855	684	1,692	869	1,058	593	1,524
Carpenters	9	55	47	54	47	21	33	41
Brick, Stone, & Tile Setters	493	355	530	384	545	281	327	353
Plumbers, Fitters, & Related Occup.	19	13	27	12	24	12	17	12
Asbestos, Insulation	9	21	7	18	16	11	6	14
Floor Laying, Finishing	19	18	21	18	16	13	17	16
Glaziers	28	77	40	71	64	35	49	59
Roofers	696	3,440	1,093	3,078	1,264	1,918	811	2,934
Other Related Occupations								
MOTOR FREIGHT OCCUPATIONS	133	1,022	241	854	277	478	207	830
Truck Driver, Heavy	9	111	14	101	24	69	17	91
Truck Driver, Light								
OTHER TRANSPORTATION OCCUPATIONS	5	28	7	25	8	16	6	31
Other Related Occupations								
PACKAGING & MATERIALS HANDLING	28	222	80	158	103	119	60	184
Hoisting & Conveying	38	282	80	218	87	173	55	257
Other Related Occupations								
MINERAL EXTRACTION OCCUPATIONS	28	224	47	191	55	168	49	158
Earth Boring, Drilling & Related								
TOTAL FOR SELECTED OCCUPATIONS	3,232	11,557	4,779	9,965	5,669	6,272	3,920	9,936
TOTAL NONRESIDENTS WORKING FOR CONSTRUCTION COMPANIES	4,737		6,706		7,903		5,444	

Source: Alaska Department of Labor, Research and Analysis

Table 9
Nonresidents Employed and Residents Available for Work
by Quarter in Selected Construction Occupations
Alaska 1985

Occupation Title (Dictionary of Occupational Titles)	Quarter 1		Quarter 2		Quarter 3		Quarter 4	
	Nonres Emp	Res Unemp	Nonres Emp	Res Unemp	Nonres Emp	Res Unemp	Nonres Emp	Res Unemp
MECHANICS/MACHINE REPAIR								
Motor Vehicle Mechanics	86	538	121	661	140	459	96	687
Engine, Transmission Mechanics	23	162	23	214	29	134	20	229
Misc. Machine Repair	6	126	17	172	36	158	20	157
Other Related Occupations	0	4	0	6	0	5	0	5
METAL FABRICATION								
Fitting, Bolting Occupations	39	173	69	207	125	127	86	168
Sheet Metal	49	85	63	104	73	64	51	123
Other Related Occupations	3	24	5	26	14	17	10	19
WELDERS,CUTTERS & RELATED								
Other Related Occupations	116	268	156	352	169	277	107	342
ELECTRICAL INSTALLING & REPAIR								
Transmission, Distrib. Line Inst.	29	95	34	112	81	31	66	80
Installation, Repair Transp. Equip.	3	9	0	10	0	10	0	10
Installation, Repair Lg. Appliance	0	5	0	10	0	9	0	14
Other Related Occupations	16	131	34	163	44	102	40	106
PAINTING, PLASTERING, CEMENTING								
Construction Painters	26	226	40	295	66	181	51	196
Plasterers	16	51	23	87	29	54	10	83
Cement, Concrete Finishers	36	136	81	152	110	60	81	153
EXCAVATING, GRADING, PAVING								
Excavating, Grading	29	229	69	229	66	121	56	235

Paving, Asphalt, & Concrete	3	30	34	30	36	11	25	44
Other Related Occupations	366	1,374	754	1,538	914	788	622	1,719
OTHER CONSTRUCTION OCCUPATIONS								
Carpenters	402	1,951	725	2,348	1,003	1,380	724	1,692
Brick, Stone, & Tile Setters	23	66	40	68	59	32	40	60
Plumbers, Fitters, & Related Occup.	259	485	353	578	435	376	260	505
Asbestos, Insulation	6	23	17	35	29	24	15	20
Floor Laying, Finishing	13	18	11	19	14	17	10	19
Glaziers	16	29	17	31	14	20	10	25
Roofers	23	96	52	122	66	53	45	95
Other Related Occupations	476	3,416	1,061	4,163	1,364	2,576	902	3,370
MOTOR FREIGHT OCCUPATIONS								
Truck Driver, Heavy	96	926	208	1,110	280	623	168	998
Truck Driver, Light	9	146	17	201	22	140	15	165
OTHER TRANSPORTATION OCCUPATIONS								
Other Related Occupations	3	35	5	59	7	59	5	44
PACKAGING & MATERIALS HANDLING								
Hoisting & Conveying	39	244	63	280	81	193	45	343
Other Related Occupations	29	299	58	379	59	254	35	339
MINERAL EXTRACTION OCCUPATIONS								
Earth Boring, Drilling & Related	29	154	58	212	66	170	45	200
TOTAL FOR SELECTED OCCUPATIONS	2,269	11,554	4,208	13,973	5,431	8,525	3,660	12,245
TOTAL NONRESIDENTS WORKING FOR CONSTRUCTION COMPANIES	3,330	5,803	7,378	5,100				

Source: Alaska Department of Labor, Research and Analysis

Note: The occupational profile of nonresidents working in construction is derived from those nonresidents who filed an unemployment claim. That profile was then applied to the total nonresident labor pool working in construction during each quarter. Approximately, 42.5 percent of all nonresidents working in construction had filed a UI claim from which to derive their occupational code.

or by using local unions, Job Service offices, local private employment agencies or universities to find workers.

Employers feel the State should promote resident hire by publicizing the issue and working actively to train and place resident workers. This process has already started in the seafood processing industry. The seafood industry is working with the Alaska Department of Labor, Employment Securities Division, through its Job Service offices to advertise and recruit Alaska residents for seafood processing jobs.

Ideas for Promoting Alaska Hire

The 1986 Alaska Hire Task Force report presented 36 approaches for promoting resident hire in Alaska. The report, a compilation of ideas from state agencies and a variety of sources outside of state government, was intended primarily for policy makers to use as a reference of new ideas and initiatives on resident hire.

The proposals described in the report are wide-ranging in nature and approach the issue of resident hire from many different directions. Some of the proposals are relatively narrow in focus, while others involve significant economic, legal, or political considerations.

Proposals include loan program incentives, expansion of job service networks, oil industry training programs, resident hire incentive programs, and expanded bidder preference. A more detailed description of these and other proposals are available upon request from the Alaska Department of Labor's research and analysis unit.

Summary

Although most Alaskans support the idea of hiring residents, there is substantial disagreement over exactly what role the State should play. Most agree that the State should actively promote the idea of resident hire and work to train and place resident workers.

The Alaska Department of Labor is now collecting data to support the legislative decision making process, and to support implementation of resident hiring preference. Other actions, such as in-state contractor bidding preferences, "Buy-Alaska" legislation, and tax or loan incentives, are more controversial. Nevertheless, the Alaska legislature is actively considering a variety of approaches.

Alaska

By Edward Eboch

Current Events

The employment statistics appear to be giving mixed signals to Alaska's economic performance. The unemployment rate is down over the year and over the month, however, the number of people employed is also down over the year and the increase in employment was the smallest February-to-March increase in employment since 1964.

The average weekly hours worked, usually a good indicator of future trends, is down over the year for all industries except for manufacturing and retail trade. While the manufacturing industry is doing well, especially seafood processing, the same cannot be said about the retail trade sector which is experiencing year-to-year losses in employment and record bankruptcies.

Hidden Effects

Several things may be happening that cause the employment statistics to understate the severity of the current downturn. The most obvious is people leaving the state because they lost their jobs and exhausted their unemployment benefits. As people leave the state, they are no longer part of the work force and therefore, technically no longer counted as unemployed in Alaska. This can cause the labor force to fall faster than employment.

Less obvious, and more difficult to document, is the underemployment and hidden unemployment that occurs. Underemployment occurs when a person is forced to work in a job that requires less training and education than the employee has, and when people desire full time work but are employed part time. A skilled construction worker taking a job as a clerk in retail trade because he is unable to find a job in his chosen profession and no longer qualifies for unemployment benefits would be an example.

As these workers take employment usually filled by students and other part time workers not qualifying for unemployment benefits, the count of the unemployed becomes understated. To be eligible for unemployment benefits, a person must earn $1,000 a quarter, more than the earnings of many part-time workers. Students under 16 are not counted as unemployed or as part of the labor force when they are unable to find work. In addition, people become discouraged about finding work and quit looking so they are no longer counted in the

Anchorage/MatSu

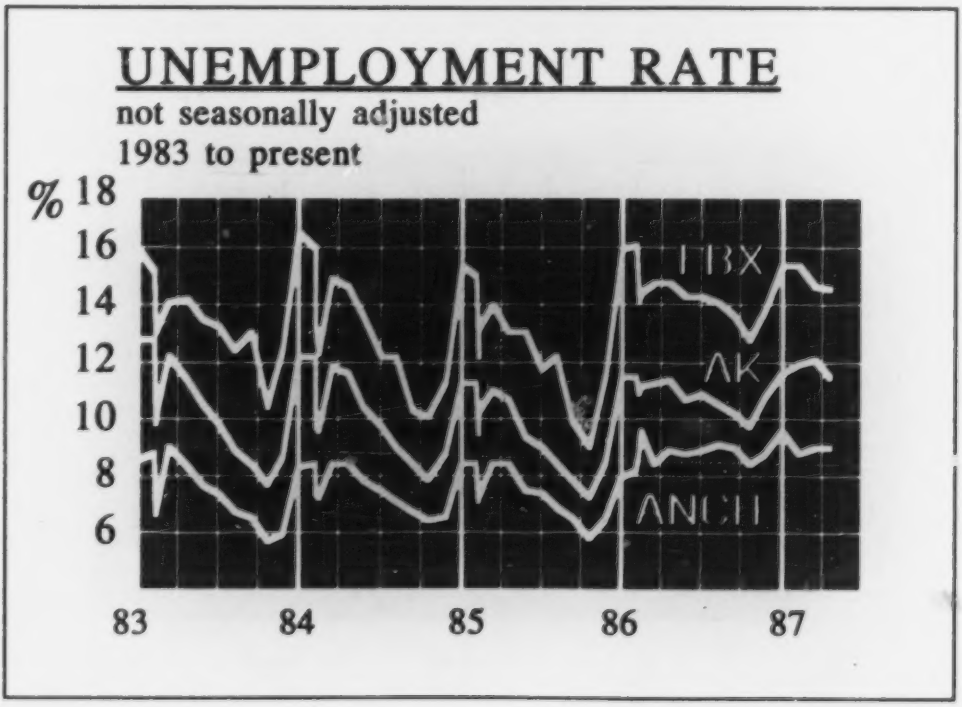
By Greg Huff

A Comparison of Employment Trends: Anchorage and Balance of State

Anchorage is Alaska's primary commerce and distribution center, as well as the federal government's stronghold and headquarters to many major corporations; other areas of the state have economies dominated by natural resource industries, state and local government, or the military.

Nearly half of all jobs in Alaska are based in Anchorage, with the other half distributed throughout the state from Ketchikan to Nome. Approximately 25% of the jobs outside Anchorage are in Fairbanks; another 25% are in Alaska's Southeast region; around 18% are in the Gulf Coast region, with the remainder in the MatSu Borough, Interior, Southwest and Northern regions.

Since January 1986, the beginning of the current economic downturn, Anchorage employment has fallen faster than employment in the remainder of the state. In April,the decline in employment over the year in Anchorage was three times that for the balance of the state. This trend has persisted for 16 months. To put it in perspective, however,



Anchorage employment grew faster than the remainder of the state each year from 1980 to 1985. Figure 1 displays the employment trends by month from January 1980 to April 1987 for Anchorage and the balance of the state, while table 1 displays the annual growth rates and the number of jobs gained or lost.

Table 1
Anchorage/Balance of State
Employment Changes
1980-1986

	80-81	81-82	82-83	83-84	84-85	85-86
Anchorage:						
Percent Change	10.8%	10.6%	7.4%	6.3%	2.4%	-4.6%
Number of Jobs	8,600	9,400	7,200	6,600	2,700	-5,300
Balance of state:						
Percent Change	8.4%	5.5%	5.1%	4.4%	2.0%	-2.8%
Number of Jobs	7,600	5,400	5,300	4,700	2,300	-3,300

The seasonal patterns of employment are apparent in figure 1. Employment for both Anchorage and the balance of the state peaks in late summer or early fall and hits bottom during the late winter months. Because industry make-up in Anchorage differs considerably from the remainder of the state (as figure 2 illustrates) the fluctuations in employment are more extreme in areas outside of Anchorage. Industries with the widest employment swings are the natural resources industries and the construction industry which represent a greater percent of employment in the other areas of the state.

Although Anchorage and the balance of the state had similar levels of employment in construction the balance of the state had a high concentration of employment in the seafood industry and the pulp and lumber industries. In 1986 seafood processing employment outside of Anchorage was over seven times greater than in Anchorage, while the 2,600 jobs in lumber and paper manufacturing across the state were almost entirely outside Anchorage.

While the basic industries, with the exception of the oil industry, suffered hard times, the secondary industries were expanding as state expenditures increased and the oil industry expanded during the early 1980s. Anchorage, as the commercial center for much of the state and the Alaska headquarters for the oil industry was the main beneficiary of this growth.

Table 2
Anchorage Employment
1980-1986

	1980	1981	1982	1983	1984	1985	1986	Average Annual Change 80-85	Annual Change 85-86
Nonag. Wage & Salary	80,000	88,600	98,000	105,200	111,800	114,500	109,200	6.42%	-4.63%
Mining	2,700	3,400	3,700	3,500	3,800	4,200	3,600	5.92%	-14.29%
Construction	5,400	6,000	8,400	9,700	10,100	9,300	7,300	6.21%	-21.51%
Manufacturing	2,700	3,100	2,900	2,700	2,700	2,800	2,600	-0.75%	-7.14%
Food & Kindred Prod.	1,200	1,400	1,100	800	600	700	800	-7.79%	14.29%
Other Mfg.	1,500	1,700	1,800	1,900	2,100	2,100	1,900	4.84%	-9.52%
Trans. Comm. & Utilities	8,000	8,400	8,400	8,900	9,400	9,600	9,500	3.50%	-1.04%
Trucking & Whseing.	1,100	1,300	1,300	1,200	1,400	1,200	1,400	4.94%	16.67%
Water Transportation	300	300	300	300	400	300	300	0.00%	0.00%
Air Transportation	3,000	3,400	3,400	3,600	3,800	3,400	3,000	0.00%	-11.76%
Other Trans. Comm. & Util	3,600	3,400	3,400	3,700	3,900	4,600	4,700	5.48%	2.17%
Trade	17,000	19,700	22,900	25,500	26,900	27,300	26,300	9.12%	-3.66%
Wholesale	4,100	4,800	5,500	6,000	6,600	6,600	6,100	8.27%	-7.58%
Retail	12,900	14,900	17,400	19,400	20,400	20,700	20,200	9.38%	-2.42%
Gen. Merchandise	1,700	1,700	1,600	1,700	1,600	1,900	1,900	2.25%	0.00%
Food Stores	1,700	2,000	2,400	2,500	2,900	3,000	3,000	12.03%	0.00%
Eating & Drinking Pl.	4,600	5,500	6,700	7,600	7,900	8,100	8,000	11.70%	-1.23%
Other Retail Trade	5,000	5,800	6,800	7,700	8,000	7,800	7,200	7.57%	-7.69%
Finance-Ins. & R.E.	5,300	5,700	6,400	7,300	8,300	8,600	8,300	9.39%	-3.49%
Services & Misc.	17,000	19,300	21,400	22,900	25,200	26,300	25,100	8.10%	-4.56%
Government	22,000	23,000	23,900	24,700	25,400	26,300	26,600	3.87%	1.14%
Federal	9,500	9,600	9,800	9,900	10,200	9,900	10,200	1.43%	3.03%
State	5,000	5,500	6,100	6,500	6,600	7,300	7,300	7.86%	0.00%
Local	7,400	7,900	7,900	8,300	8,700	9,100	9,100	4.22%	0.00%

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	P/ 4/87	R/ 3/87	4/86	P/ 4/87	R/ 3/87	4/86	P/ 4/87	R/ 3/87	4/86	P/ 4/87	R/ 3/87	4/86
Alaska Statewide	251,929	248,479	258,195	28,988	30,074	31,555	11.5	12.1	12.2	222,941	218,405	226,640
Anch-MatSu Region	134,043	132,794	139,003	13,705	13,718	14,741	10.2	10.3	10.6	120,338	119,076	124,262
Anchorage Borough	118,283	116,990	122,489	10,622	10,649	11,300	9.0	9.1	9.2	107,661	106,341	111,189
MatSu Borough	15,760	15,804	16,514	3,083	3,069	3,441	19.6	19.4	20.8	12,677	12,735	13,073
Gulf Coast Region	26,687	26,197	26,861	3,963	4,201	4,716	14.8	16.0	17.6	22,724	21,996	22,145
Kenai Peninsula Bor	16,658	16,299	16,666	3,099	3,175	3,453	18.6	19.5	20.7	13,559	13,124	13,213
Kodiak Island Bor	5,993	5,836	6,191	330	355	673	5.5	6.1	10.9	5,663	5,481	5,518
Valdez-Cordova	4,036	4,062	4,004	534	671	590	13.2	16.5	14.7	3,502	3,391	3,414
Interior Region	38,784	37,797	39,503	5,966	5,947	6,308	15.4	15.7	16.0	32,818	31,850	33,195
Fairbanks North Star Br	33,355	32,455	34,090	4,859	4,800	5,267	14.6	14.8	15.5	28,496	27,655	28,823
Southeast Fairbanks	2,312	2,260	2,358	399	403	423	17.3	17.8	17.9	1,913	1,857	1,935
Yukon-Koyukuk	3,117	3,082	3,055	708	744	618	22.7	24.1	20.2	2,409	2,338	2,437
Northern Region	7,932	8,120	8,103	943	1,044	1,102	11.9	12.9	13.6	6,989	7,076	7,001
Nome	3,088	3,177	3,219	433	489	559	14.0	15.4	17.4	2,655	2,688	2,660
North Slope Borough	2,726	2,794	2,761	154	190	185	5.6	6.8	6.7	2,572	2,604	2,576

Northwest Arctic Bor	2,148	2,149	2,125	356	385	358	16.6	17.9	16.9	1,752	1,784	1,765
Southeast Region	32,714	32,395	33,393	3,220	4,018	3,522	9.8	12.4	10.5	29,494	28,377	29,871
Haines Borough	902	925	961	105	159	154	11.6	17.2	16.0	797	766	807
Juneau Borough	14,130	13,752	14,544	1,060	1,176	1,307	7.5	8.6	9.0	13,070	12,576	13,237
Ketchikan Gateway Bor	6,632	6,506	6,763	691	790	746	10.4	12.1	11.0	5,941	5,716	6,017
Pr. of Wales-Outer Ktch	2,387	2,399	2,378	374	462	339	15.7	19.3	14.3	2,013	1,937	2,039
Sitka Borough	3,840	3,735	3,867	326	354	308	8.5	9.5	8.0	3,514	3,381	3,559
Skagway-Yakutat-Angoon	1,501	1,628	1,600	239	414	322	15.9	25.4	20.1	1,262	1,214	1,278
Wrangell-Petersburg	3,322	3,450	3,280	425	663	346	12.8	19.2	10.5	2,897	2,787	2,934
Southwest Region	11,769	11,176	11,332	1,191	1,146	1,166	10.1	10.3	10.3	10,578	10,030	10,166
Aleutian Islands	2,957	2,800	2,838	132	121	123	4.5	4.3	4.3	2,825	2,679	2,715
Bethel	4,717	4,454	4,562	519	474	528	11.0	10.6	11.6	4,198	3,980	4,034
Bristol Bay Borough	449	446	439	46	64	52	10.2	14.3	11.8	403	382	387
Dillingham	2,117	2,023	2,017	246	249	219	11.6	12.3	10.9	1,871	1,774	1,798
Wade Hampton	1,529	1,453	1,476	248	238	244	16.2	16.4	16.5	1,281	1,215	1,232

P/ Preliminary R/ Revised 1986 Benchmark

Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey (CPS) in formulas used to allocate federal funds. Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor; because Alaska's CPS sample size is inadequate to accurately indicate monthly changes in level. The sampling errors are random in nature; meaning that the unemployment rates, in any given month, are as likely to be high as frequently as they are low. The official definitions of unemployment, currently in place, exclude anyone who has made no attempt to find work in the four week period up to and including the week that includes the twelfth of each month. Most economists feel that Alaska's rural localities have proportionately more of these discouraged workers.

Table 3
Balance of State
1980-1986

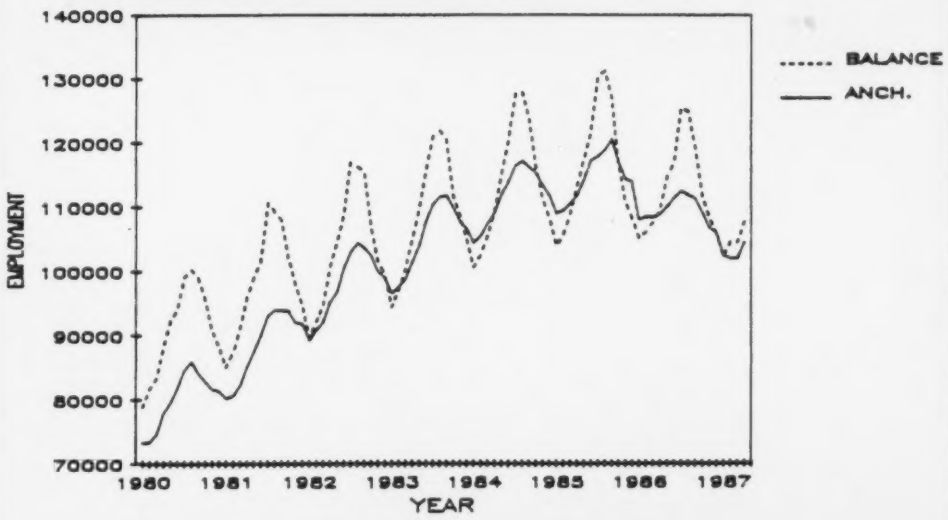
	1980	1981	1982	1983	1984	1985	1986	Average Annual Change 80-85	Annual Change 85-86
Nonag. Wage & Salary	90,900	98,500	103,900	109,200	113,900	116,200	112,900	4.43%	-2.84%
Mining	4,000	5,500	5,200	4,700	4,900	5,300	5,400	6.19%	1.89%
Construction	5,200	7,000	8,500	11,000	10,300	9,300	5,900	2.56%	-36.56%
Manufacturing	11,300	11,000	10,000	9,400	8,600	9,300	9,800	-2.81%	5.38%
Food & Kindred Prod.	6,600	6,700	5,900	5,600	5,200	5,700	5,800	-2.55%	1.75%
All Other Mfg.	1,200	1,000	1,000	1,100	1,100	1,300	1,300	1.61%	0.00%
Trans. Comm. & Utilities	9,200	9,900	10,200	9,900	9,800	9,100	8,700	-1.11%	-4.40%
Trucking & Whseing.	900	1,200	1,200	1,100	1,000	1,100	900	0.00%	-18.18%
Water Transportation	1,100	1,100	1,000	1,100	1,000	1,100	1,000	-1.89%	-9.09%
Air Transportation	2,200	2,500	2,300	2,300	2,400	2,400	2,400	1.76%	0.00%
Other Trans. Comm. & Util	4,900	5,200	5,700	5,600	5,400	4,700	4,600	-1.26%	-2.13%
Trade	12,400	13,500	14,800	15,900	17,600	18,500	18,000	7.74%	-2.70%
Wholesale	1,400	1,700	1,700	2,000	2,100	2,100	2,000	7.39%	-4.76%
Retail	10,900	11,900	13,100	14,000	15,400	16,400	16,100	8.11%	-1.83%
Gen. Mer. & Apparel	2,600	2,600	2,900	3,000	3,500	3,400	3,400	5.51%	0.00%
Food Stores	2,000	2,400	2,600	2,800	2,800	3,000	3,000	8.45%	0.00%
Eating & Drinking Pl.	3,400	3,800	4,200	4,300	4,900	5,300	5,400	9.69%	1.89%
Other Retail Trade	2,800	3,100	3,300	3,800	4,200	4,500	4,400	9.46%	-2.22%
Finance-Ins. & R.E.	2,800	3,100	3,500	3,400	3,900	4,200	4,400	9.46%	4.76%
Services & Misc.	13,200	14,200	15,600	16,800	17,800	18,500	19,100	7.67%	3.24%
Government	32,800	34,200	36,100	38,100	41,100	42,000	41,600	4.87%	-0.95%
Federal	8,200	7,900	7,900	7,800	7,900	7,700	7,900	-0.74%	2.60%
State	10,400	11,100	11,900	12,400	12,700	13,200	12,900	4.40%	-2.27%
Local	14,200	15,200	16,500	17,900	20,400	21,200	20,800	7.93%	-1.89%

Industries such as trade; services; and finance, insurance, and real estate represent over 54% of the jobs in Anchorage compared to 37% of the jobs elsewhere in Alaska. These industries provided the bulk of the new jobs from 1980 to 1985, but they have been hit hard in the current economic downturn. The seafood and pulp and lumber industries have been growing the past two years. This resulted in a less severe economic downturn in the balance of the state than what has occurred in Anchorage since early 1986.

Construction employment declined throughout the state in 1986, but the decline was more intense for the balance of the state than in Anchorage. Furthermore, the decline in construction took place one year later in Anchorage than the balance of state. Construction employment in the balance of state declined 6% in 1984 after growing over 25% annually through 1983. Anchorage construction employment began to decline in 1985, with a drop of 8%.

Another fundamental difference between Anchorage and the balance of the state is the proportion of government employment. Government employment makes up a smaller share of Anchorage's total employment than in the balance of state, 24% compared to 37%; however, the federal government has 10,200 civilian employees in Anchorage compared to 7,900 elsewhere in the state, and civilian federal government employment levels in Anchorage have increased over time while declining in some other areas of the state. In addition to civilian federal employment, Anchorage is base to around half of all uniformed

Figure I
Anchorage/Balance of State Employment
January 1980 to April 1987



Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage

				Changes From:	
	p/ 4/87	r/ 3/87	4/86	3/87	4/86
Nonag. Wage & Salary	102,650	101,800	108,800	850	-6,150
Mining	3,300	3,350	3,800	-50	-500
Construction	5,800	5,500	6,500	300	-700
Manufacturing	2,350	2,100	2,400	250	-50
Food & Kindred Prod.	550	350	600	200	-50
Other Mfg.	1,800	1,750	1,800	50	0
Trans. Comm. & Utilities	8,950	8,800	9,250	150	-300
Trucking & Whseing.	1,350	1,250	1,450	100	-100
Water Transportation	250	250	300	0	-50
Air Transportation	2,950	2,950	2,900	0	50
Other Trans. Comm. & Utilities	4,400	4,350	4,600	50	-200
Trade	24,300	24,150	26,150	150	-1,850
Wholesale	5,500	5,400	6,250	100	-750
Retail	18,800	18,750	19,900	50	-1,100
Gen. Merchandise	1,750	1,800	1,800	-50	-50
Food Stores	2,950	2,950	2,900	0	50
Eating & Drinking Pl.	7,550	7,650	8,050	-100	-500
Other Retail Trade	6,550	6,350	7,150	200	-600
Finance-Ins. & R.E.	7,850	7,850	8,400	0	-550
Services & Misc.	23,750	23800	25,050	-50	-1,300
Government	26,350	26,250	27,250	100	-900
Federal	10,300	10,250	10,000	50	300
State	7,150	7,100	7,700	50	-550
Local	8,900	8,900	9,550	0	-650

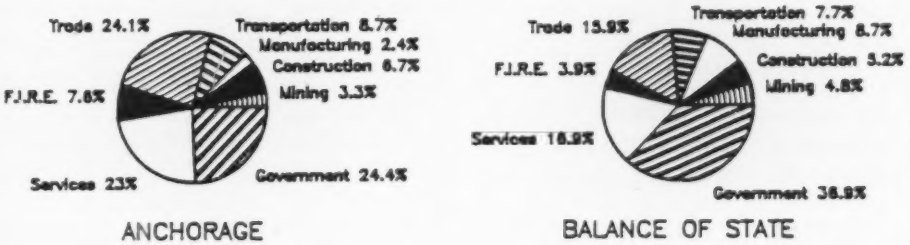
Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage-MatSu

				Changes From:	
	p/ 4/87	r/ 3/87	4/86	3/87	4/86
Nonag. Wage & Salary	109,150	108,450	115,450	700	-6,300
Mining	3,300	3,350	3,800	-50	-500
Construction	6,100	5,700	6,850	400	-750
Manufacturing	2,400	2,200	2,450	200	-50
Trans. Comm. & Utilities	9,650	9,500	9,900	150	-250
Trade	25,850	25,750	27,600	100	-1,750
Finance-Ins. & R.E.	8,350	8,350	8,950	0	-600
Services & Misc.	24,800	24,900	26,200	-100	-1,400
Government	28,700	28,700	29,700	0	-1,00

personnel and their dependents located in Alaska, which totals some 23,000 uniformed personnel and 30,000 dependents statewide.

In terms of state government employment, the balance of state had 1.8 times more state government employment than Anchorage and 2.3 times more local government in 1986. State government employment grew faster in Anchorage than in the rest of the state during this time largely due to the railroad transfer from federal to state ownership, while the local governments around the state tended to grow faster than Anchorage local government employment.

Figure II
Anchorage/Balance of State Employment
Percent Distribution by Industry 1986



Fairbanks/Interior

By Neal Fried

Fairbanks' Construction Industry

During the first half of this decade construction employment in Fairbanks doubled, making it the fastest growing sector in the area's economy; however, in 1986 the construction industry literally went bust. Employment fell by 46% in one year in Fairbanks as 1,400 jobs were lost. The construction industry was responsible for 68% percent of all the jobs lost in Fairbanks in 1986.

In 1987 there is the promise of military related construction projects in Fairbanks, representing most of the "big" projects in the state. Because the outlook in so much of the remainder of the state is grim, many of the state's contractors and construction workers are now focusing on Fairbanks. How important has this industry been to Fairbanks' economy and has its role changed over the past twenty years?

A Historical Perspective

Over the past twenty years, the industry has employed 11.1% of the Fairbanks' work force. In 1966 the construction industry employed 10.1% of Fairbanks' wage and salary work force and contributed 17.1% of the Fairbanks' payroll. Today it employs only 6.1% of the work force and makes up only 8% of the payroll—the smallest percent during the 1966 to 1986 period. But averages are almost meaningless when discussing construction because it is such a cyclical industry (see figure 1).

From 1966 to 1973 construction's share of the work force was relatively stable, ranging from 7.0%-10.1% (see table 1). Employment in Fairbanks' economy grew steadily during this period. Then construction of the oil pipeline led the Fairbanks economy into its most rapid expansion in its history. In 1974 construction employment more than doubled and doubled again in 1975, reaching a peak of 6,461 jobs. At its pinnacle, the industry employed 22.5% of the work force and contributed 40.2% of the payroll; a level unlikely to be reached again.

Employment in this industry began to fall in 1976, with the largest decline from 1977 to 1978 with the completion of the construction of the oil pipeline. Construction employment fell for five straight years, bottoming out at a low of 1,580 jobs, or 7.5% of the work force, in 1980. Nineteen eighty-one marked the beginning of a comeback of this industry and it helped lead Fairbanks into a period of rapid expansion.

Table 1
Fairbanks Nonagricultural Employment
1966-1986*

Year	Construction Employment	Total Employment	Percent Share Construction
1966	1,183	11,736	10.1
1967	958	11,892	8.1
1968	869	12,394	7.0
1969	1,216	13,878	8.8
1970	1,255	14,451	8.7
1971	1,205	14,655	8.2
1972	1,166	15,583	7.5
1973	1,175	15,479	7.6
1974	3,146	19,750	15.9
1975	6,461	28,654	22.5
1976	5,619	27,590	20.4
1977	4,312	24,238	17.8
1978	1,960	21,613	9.1
1979	1,631	21,113	7.7
1980	1,580	20,933	7.5
1981	1,834	22,854	8.0
1982	2,186	24,806	8.8
1983	2,562	26,034	9.8
1984	2,875	27,663	10.4
1985	3,106	28,903	10.7
1986	1,679	27,513	6.1

*1986 is based on a 9-month average.

Oil revenues provided funds for the largest capital construction investment ever undertaken by the state and Alaska's local governments. Additional funds were provided via low interest loans for residential housing which sparked a housing boom. Commercial construction also boomed. Construction employment grew by double digit levels from 1981-1984 and grew another respectable 8% in 1985. Construction's share of the Fairbanks work force during this period ranged from 8.0%-10.7%, not much different than the historic percent of the workforce.

The approximate $100 million in military construction this year will not return Fairbanks to the level of the oil revenue era but it could pull construction employment in Fairbanks to above 1986 levels. Although there is an excess of housing and commercial space, the growing number of soldiers could provide some stimulus to the residential construction sector. This is in stark contrast to the situation in much of the remainder of the state construction employment will continue to decline in 1987.

Construction's Wages and Payroll

Construction's contribution to Fairbanks' payroll is significantly larger than its employment—ranging from 8.5%-40.2%. The payroll is larger because the construction industry pays the highest wages in Fairbanks. These high wages have made working in the construction industry attractive. Though a cyclical and seasonal industry, construction has seldom had a problem attracting an adequate supply of labor. The higher wages have meant that changes in construction employment has a greater impact on the economy.

In 1985 the average monthly wage was $2,481 compared to construction's average monthly wage of $3,869 (average monthly wages have been adjusted to 1986 dollars). Construction's average monthly wage has fluctuated over the years. It peaked in 1974 at $8,071—a reflection of the legendary wages paid on the oil pipeline project. The average wage then fell during the next seven years (See figure 2). In 1982 it began to perk up again, but then it began to fall in 1984 and reached an all time 20-year low of $3,184 in 1986.

Construction's average monthly wage took a dramatic turn for the worse because the industry in 1986 was floundering. The number of hours worked by the construction workers that were lucky enough to find work were cut back. There has also been a trend during the last two to three years to cut back on the hourly wage rate in a variety of the construction trades. This may have also contributed to some of the recent decline.

Figure I
Fairbanks Construction Employment
1966–1986

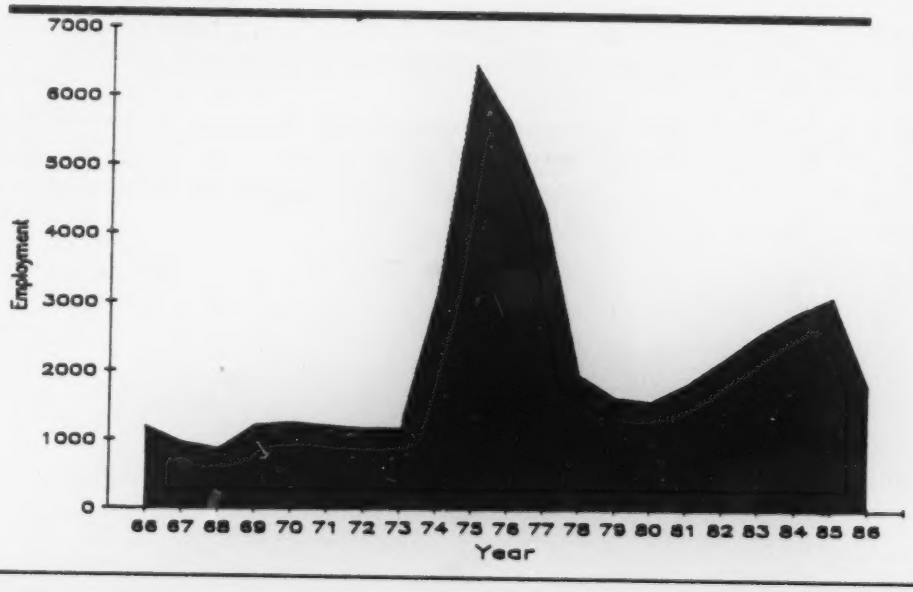
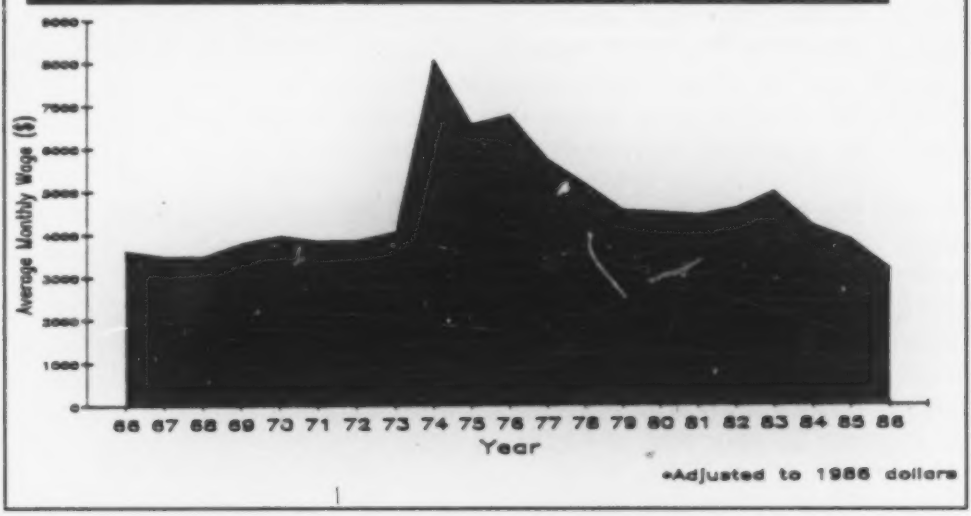


Figure II
Average Monthly Wage Fairbanks Construction
1966–1986*



Construction Employees—A Fairbanks Export

Fairbanks' construction industry "exports" its contractors and workers to work in the northern and interior parts of the state. Though these figures are not always captured in the Fairbanks statistics, the income returned to the Fairbanks economy via wages and profits certainly stimulates the local economy.

Construction is the most seasonal industry in Fairbanks and therefore contributes to a higher unemployment rate because so many construction workers are employed only during part of the year. For example in 1986 constructions employment went from a low of 1,100 in February and March to a peak of 2,300 in August and September.

During periods of strong economic expansion, the construction industry flourishes and during economic contraction, it usually is the first and hardest hit. This year construction could help lead the Fairbanks economy out of its present slump.

Nonagricultural Wage and Salary Employment
By Place of Work
Fairbanks

				Changes From:	
	4/87	p/ 3/87	r/ 4/86	3/87	4/86
Nonag. Wage & Salary	25,900	25,450	27,050	450	-1,150
Mining	100	100	100	0	0
Construction	1,100	1,000	1,150	100	-50
Manufacturing	600	550	550	50	50
Trans. Comm & Utilities	2,500	2,500	2,550	0	-50
Trucking & Whseing.	350	350	400	0	-50
Air Transportation	950	900	900	50	50
Other Trans. Comm. & Utilities	1,200	1,250	1,250	-50	-50
Trade	5,350	5,200	5,700	150	- 350
Wholesale	850	850	900	0	-50
Retail	4,500	4,350	4,800	150	- 300
Gen. Mer. & Apparel	500	500	500	0	0
Food Stores	750	750	750	0	0
Other Retail Trade	3,250	3,100	3,550	150	- 300
Finance-Ins. & R.E.	1,000	1,000	1,100	0	- 100
Services & Misc.	5,650	5,600	5,850	50	- 200
Government	9,600	9,500	10,050	100	- 450
Federal	2,950	2,900	2,900	50	50
State	3,950	3,950	4,250	0	- 300
Local	2,700	2,650	2,900	50	- 200

Nonagricultural Wage and Salary Employment
By Place of Work
Interior

				Changes From:	
	p/ 4/87	r/ 3/87	4/86	3/87	4/86
Nonag. Wage & Salary	29,850	29,050	31,050	800	-1,200
Mining	200	200	200	0	0
Construction	1,150	1,050	1,200	100	-50
Manufacturing	600	550	550	50	50
Trans. Comm. & Utilities	2,850	2,800	2,850	50	0
Trade	5,650	5,450	6,050	200	- 400
Finance-Ins. & R.E.	1,100	1,100	1,150	0	-50
Services & Misc.	6,200	5,950	6,400	250	- 200
Government	12,100	11,950	12,650	150	- 550

Current Trends

Fairbanks' April unemployment rate of 14.6% inched down for the second straight month this year and continues to be below year-ago levels. The Yukon-Koyukuk's April rate of 22.7% has the distinction of being the highest rate in the state. The Yukon-Koyukuk unemployment rate has traditionally been high because of the seasonal nature of its economy and the scarcity of employment opportunities. This latest downturn in the economy has simply exacerbated an already substandard labor market.

Gulf Coast

By Neal Fried

The Kenai Peninsula Borough

Employment growth on the Kenai Peninsula during the oil revenue boom was impressive but the rise in the payroll was even more spectacular. From 1980 to 1985 employment grew by 46% while the area's total payroll increased by 68%. In dollars this increase represented a $139 million added to the area's payroll which peaked at $343 million in 1985. In 1986 the economic picture reversed itself as employment fell by 4.9% and total earnings fell 7.5%.

Earnings on the Peninsula fell faster than employment because a disproportionate number of higher paying jobs were lost. The construction industry led the drop in employment and earnings. In 1986 total construction employment fell 38% and earnings fell 48%. For every construction job lost on the Peninsula, approximately $35,772 in annual earnings were lost to the area's economy. This compares to $26,940 per job for the area as a whole.

In addition to the loss in construction employment, hours worked per worker also fell. Overtime is less common on today's construction site. Competition for construction projects is keen and many contractors are reducing costs by not paying overtime. Labor is also plentiful so that additional workers can be used instead of working employees longer hours.

Transportation, communication and utilities was the other industry which contributed to the disproportionate loss in earnings. The transportation industry losses were similar to construction's and came largely as a direct result of the decline in the construction industry. Transportation's earnings are above average, therefore when jobs were lost in this industry, there was a greater loss in earnings to the economy.

Although construction's and transportation's losses will be smaller in 1987, earnings will probably still fall faster than employment. The losses in 1987 will not be just concentrated in one or two industries but will be broad based. For example, the oil industry's employment which grew in 1986, will register losses in 1987. This is significant because the oil industry's compensation is the highest on the Peninsula's economy—70% above the average. State government which also has above-average compensation, will also suffer larger employment losses in 1987.

Table 1
Kenai Peninsula Borough
Nonagricultural Employment and Payroll

	First Nine Months 1985 Employment	1986 Employment	Percent Change	First Nine Months 1985 Payroll	1986 Payroll	Percent Change
Total	12,285	11,690	-4.8	255,399,399	236,203,366	-7.5
Mining	792	958	21.0	27,960,513	33,285,915	19.0
Construction	1,391	865	-37.8	44,243,056	23,203,195	-47.6
Manufacturing	1,594	1,487	-6.7	31,542,949	30,223,363	-4.2
Trans.Comm.& Util	945	730	-22.7	28,028,093	19,793,080	-29.4
Trade	2,472	2,336	-5.5	30,392,479	28,363,804	-6.7
Wholesale	391	393	0.6	8,203,639	7,641,046	-6.9
Retail	2,081	1,943	-6.6	22,188,840	20,722,758	-6.6
Finance-Ins.& R.E	372	388	4.5	5,309,700	5,439,914	2.5
Services	1,789	1,902	6.3	22,519,887	23,097,159	2.6
Miscellaneous	42	82	95.2	618,046	1,681,417	172.1
Government	2,823	2,864	1.5	63,402,028	69,421,802	9.5
Federal	210	228	8.6	4,591,043	5,146,928	12.1
State	835	833	-0.2	21,350,804	22,140,945	3.7
Local	1,778	1,803	1.4	37,460,181	42,133,929	12.5

Nonagricultural Wage and Salary Employment
By Place of Work
Gulf Coast

	p/ 4/87	r/ 3/87	4/86	Changes From: 3/87	4/86
Nonag. Wage & Salary	18,850	18,200	18,700	650	150
Mining	850	850	950	0	- 100
Construction	900	800	950	100	-50
Manufacturing	2,950	2,600	2,550	350	400
Food & Kindred Prod.	2,350	2,000	1,950	350	400
All Other Mfg.	600	600	600	0	0
Trans. Comm. & Utilities	1,400	1,400	1,350	0	50
Trade	3,250	3,100	3,300	150	-50
Wholesale	500	450	500	50	0
Retail	2,750	2,650	2,800	100	-50
Finance-Ins. & R.E.	650	650	700	0	-50
Services & Misc.	3,350	3,200	3,250	150	100
Government	5,500	5,600	5,650	- 100	- 150
Federal	650	600	550	50	100
State	1,500	1,450	1,650	50	- 150
Local	3,350	3,550	3,450	- 200	- 100

Earnings grew faster during the Kenai Peninsula's boom years, so it is not surprising that they are falling faster during the present economic contraction. A loss in earnings greater than the loss unemployment is an additional difficulty the economy must weather during the present recession.

Current Trends

The unemployment rates in all of the census areas in the Gulf Coast Region declined in April. Employment is on the seasonal mend and some unemployed are returning to work. Kodiak's unemployment rate is the lowest in the region and the second lowest in the state. The Gulf Coast Region is one of the few areas of the state that had an increase in its April employment and work force above the previous April.

Southeast Alaska

By John Boucher

Nonresident Employment in Southeast Alaska

In last month's *Trends*, nonresident employment in Alaska was discussed in the feature article. This article will examine nonresident employment data for Southeast Alaska in greater detail.

As a region, Southeast Alaska was close to the statewide average in terms of wages paid to nonresidents, but the number of nonresident workers employed was much higher than the statewide average. Statewide 12% of wages were paid to nonresidents compared to 13% in the Southeast region. On the other hand, the statewide average for nonresident employment was 23% of total employment while Southeast Alaska had 29% nonresident employment.

The Southeast region appears average in terms of wages paid to nonresidents, but census areas in Southeast Alaska tend to have either a low percentage of total wages paid to nonresidents or a relatively high percentage of wages paid to nonresidents (see table 1) There are no "average" census areas in Southeast Alaska. The three urban census areas, Juneau, Ketchikan and Sitka average about 10% wages paid to nonresidents while the four rural census areas have at least 18% of wages paid to nonresidents and two of these four census areas have more than 25% of total wages paid to nonresidents.

The urban/rural dichotomy in terms of resident and nonresident employment is not surprising when industry data is examined (table 2). In Southeast Alaska there are two dominant industries—manufacturing and government. The census areas which derive the most employment and wages from the manufacturing sector tend to have the highest percent of nonresident employment and wages. Government centers, which are also the urban areas of the region, have more resident employment and wages.

Communities with heavy manufacturing employment are not totally dominated by nonresident employment and wages. Ketchikan and Sitka are both manufacturing centers in the region and yet they have low nonresident employment and wages. Ketchikan and Sitka are manufacturing processing areas as well as harvesting areas. Two segments of the manufacturing industry tend to be dominated by nonresident employment—logging and seafood processing. On the other hand, timber processing employment such as pulp mill and sawmill employment tend to be resident employment.

Table 1
Southeast Alaska
Resident and Nonresident Wages and Employment by Census Area 1985

	Wages (Millions$)			Employment		
	Resident	Nonresident	Percent Nonresident	Resident	Nonresident	Percent Nonresident
Southeast Region	412.6	62.1	13.1	24,988	10,396	29.4
Haines Borough	13.3	2.9	17.9	827	393	32.2
Juneau Borough	150.4	15.4	9.3	8,666	3,434	28.4
Ketchikan Gateway Boro.	110.2	13.0	10.6	6,024	1,721	22.2
Prince of Wales-Outer Ketchikan	26.4	5.7	17.9	1,920	842	30.5
Sitka Borough	55.6	5.2	8.5	3,299	796	19.4
Skagway-Yakutat-Angoon	17.7	6.7	27.6	1,439	1,104	43.4
Wrangell-Petersburg	39.1	13.0	25.0	2,823	2,106	22.2

The processing end of the wood products industry offers residents more stable, year round employment opportunities than either the logging or seafood processing industry. Both the logging and, in particular, the seafood processing industry have seasonal employment patterns that do not lend themselves to year round employment; therefore the census areas, primarily Ketchikan and Sitka, that have little or no timber processing employment tend to have the highest nonresident employment and wages.

Following the manufacturing industry, the construction industry pays the next highest total wages to nonresidents in the region. Juneau and Ketchikan were the largest contributors to total nonresident construction wages, and this is not surprising given that they are the two largest population centers. The Wrangell-Petersburg census area was a surprising third highest, in terms of construction wages paid, with 2.2 million or 29% of construction wages being paid to nonresidents. The inordinate amount of building that was taking place in Wrangell and Petersburg in 1985 probably required more labor than the local markets could provide. Several large projects were under construction, most notable was the Wrangell High School.

Nonagricultural Wage and Salary Employment
By Place of Work
Southeast Alaska

				Changes From:	
	p/ 4/87	r/ 3/87	4/86	3/87	4/86
Nonag. Wage & Salary	27,700	26,550	28,700	1,150	-1,000
Construction	900	800	1,000	100	- 100
Manufacturing	3,600	2,950	3,500	650	100
Food & Kindred Prod.	800	450	800	350	0
Lumber & Paper Prod.	2,600	2,300	2,500	300	100
All Other Mfg.	200	200	200	0	0
Trans. Comm. & Utilities	2,000	1,900	2,050	100	-50
Trade	4,150	4,050	4,300	100	- 150
Wholesale	350	350	350	0	0
Retail	3,800	3,700	3,950	100	- 150
Finance-Ins. & R.E.	1,100	1,100	1,150	0	-50
Mining, Services & Misc.	4,350	4,250	4,400	100	-50
Government	11,600	11,500	12,300	100	- 700
Federal	2,000	2,000	2,000	0	0
State	5,200	5,150	5,650	50	- 450
Local	4,400	4,350	4,650	50	- 250

Table 2
Southeast Alaska
Resident and Nonresident Wages and Employment by Industry 1985

	Wages (Millions$)			Employment		
	Resident	Nonresident	Percent Nonresident	Resident	Nonresident	Percent Nonresident
Agriculture 1/	4.3	1.1	20.5	281	150	34.8
Mining	1.2	.4	23.6	48	26	35.1
Construction	47.1	10.8	18.7	2,292	1,012	30.6
Manufacturing	78.2	27.8	18.7	4,393	3,951	47.4
Transportation	39.3	4.7	10.6	2,025	491	19.5
Wholesale Trade	7.2	.7	8.9	340	79	18.9
Retail Trade	45.3	4.5	9.0	4,683	2,482	34.6
Finance-Ins. & Real Estate	21.0	1.4	6.4	1,258	233	15.5
Services	59.4	5.7	8.7	4,338	1,221	22.0
Nonclassifiable 2/	.5	.1	18.7	82	33	28.7
Total Private Business	303.4	57.1	15.8	19,740	9,678	32.9
Local Government	109.3	5.0	4.4	5,258	718	12.0
Total Business & Local Govt	412.7	62.1	13.1	24,998	10,396	29.4

1/ Data include only nonagricultural wage and salary employees covered by unemployment insurance. Consequently, data provided for this industry may not be representative of the industry as a whole.

2/ Not classified in any other industry.

Current Trends

Southeast Alaska wage and salary employment experienced some rather robust employment growth in the month of April, gaining 1,150 jobs over the month. The increase of 4.4% was the largest of any region in the state. Most of the employment gains were made in the manufacturing industry, in particular lumber and paper products and seafood processing. Other industries that figured in the employment gain included government, construction trade, and services.

In addition, the Southeast region's unemployment rate posted a dramatic improvement over the month, dropping to 9.8% after being 12.4% in March. Skagway-Yakutat-Angoon improved almost ten percentage points, dropping from 25.4% to 15.9%. Wrangell-Petersburg also fell,going from 19.2% in March to 12.8% in April.

Hours and Earnings

By John Boucher

Longer Hours Drive up April Weekly Paychecks

Industry wages increased across the board in April as Alaska's economy began to come out of its winter doldrums. Average weekly hours held steady from March levels but increasing average weekly hours helped to drive up the average weekly paychecks.

Most of the changes in weekly hours were small except for manufacturing and construction. The manufacturing industry increased weekly hours due to the wood products sector. Logging camps and wood processing facilities increased hours as the summer harvesting of Southeast Alaska's forests got underway. Warmer weather throughout the state was the reason for increasing construction hours in April, as activities which occur only when the weather is above freezing began to take place.

Alaska Hours and Earnings for Selected Industries 1/ 2/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	P/ 4/87	R/ 3/87	4/86	P/ 4/87	R/ 3/87	4/86	P/ 4/87	R/ 3/87	4/86
Mining	1,171.86	1,141.43	1,189.65	49.3	48.8	51.5	23.77	23.39	23.10
Construction	1,016.44	915.80	1,035.50	42.6	39.8	43.6	23.86	23.01	23.75
Manufacturing	538.80	485.35	499.78	44.9	42.8	41.1	12.00	11.34	12.16
Food & Kindred Prod	400.33	334.88	300.27	45.7	46.0	38.3	8.76	7.28	7.84
Lumber & Paper Prod	741.66	622.08	727.17	47.3	41.5	49.1	15.68	14.99	14.81
Trans., Comm. & Utilities	541.62	513.92	561.74	35.4	33.9	36.5	15.30	15.16	15.39
Trade	393.82	367.16	383.79	35.1	32.9	33.0	11.22	11.16	11.63
Wholesale	547.22	506.27	517.45	38.7	36.9	37.2	14.14	13.72	13.91
Retail	341.37	318.78	333.47	33.9	31.5	31.4	10.07	10.12	10.62
Finance-Ins. & R.E	395.57	387.60	379.29	32.8	32.3	33.3	12.06	12.00	11.39

1/ Prepared in cooperation with the Bureau of Labor Statistics US Department of Labor

2/ excludes eating and drinking establishments

AVERAGE HOURS AND EARNINGS SERIES: Averages are based on data for full and part time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.